



Why This Matters

The *Anti-deficiency Act (ADA)* requires U.S. government agencies to limit expenditures to amounts authorized in appropriations. Developing and implementing internal controls for ensuring compliance with Federal and Departmental appropriation and financial requirements are necessary to prevent *Anti-deficiency Act* violations.

DHS Response

National Protection and Programs Directorate (NPPD) concurred with three of the four recommendations. NPPD stated that the pooling of funds was unique to the former Preparedness Directorate and has not continued. In addition, NPPD indicated that it has taken actions to ensure compliance with appropriations law and financial regulations.

NPPD does not believe a significant risk of a violation related to shared services having occurred during FY 2008 through FY 2010.

We agree that NPPD has taken actions to prevent further shared services violations; but NPPD needs to provide evidence that NPPD no longer pools funds for shared services.

For Further Information:

Contact our Office of Public Affairs at (202)254-4100, or email us at DHS-OIG.OfficePublicAffairs@dhs.gov

The Preparedness Directorate's Anti-Deficiency Act Violations for Fiscal Year 2006 Shared Service Administrative Assessments

What We Determined

To meet a budget shortfall in fiscal year (FY) 2006, the Preparedness Directorate elected to pool several appropriations to fund shared services and other administrative expenses. However, the Preparedness Directorate improperly used program appropriations to fund shared services in excess of available appropriations. Although the Directorate had authority to pool appropriations to fund shared services, it did not enter into valid Economy Act agreements, and it did not properly record allocated charges against each benefiting appropriation, as required by the account adjustment statute. Reviews of shared service administrative assessments for FY 2006 identified 21 violations totaling approximately \$28 million. We also determined that National Protection and Programs Directorate (formerly Preparedness Directorate) had not designed effective controls to ensure compliance with appropriations law and financial regulations.

What We Recommend

We recommend that the National Protection and Programs Directorate:

- 1) To the extent that funds are available in the Preparedness Directorate's Management and Administrative (M&A) and the Infrastructure Protection and Information Security M&A accounts for any of the 21 purchase requisitions, adjust the expired appropriations to return the available funding to the improperly charged program appropriations before the accounts close on September 30, 2011.
- 2) Report the FY 2006 Preparedness Directorate *Anti-Deficiency Act* violations that are not corrected to the President, Congress, and the DHS Secretary in compliance with ADA reporting requirements.
- 3) Develop and implement controls to ensure compliance with appropriations law and other financial regulations.
- 4) Conduct reviews of NPPD's shared services transactions for FYs 2007 to 2010, and identify and report any ADA violations according to Office of Management and Budget Circular A-11.